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ABSTRACT

The types of merit pay increments and arguments for and against merit increments are reviewed, along with important variables a college should address when considering merit increments. The least common system at colleges and universities today is that of determining the entire faculty salary on the basis of merit. Most common at the university level is the merit increase that is combined with cost-of-living increments (COLA). In this system all faculty members receive a salary increase and those recognized as meritorious receive an additional increase. The greatest difficulty with this system is in determining the percentages of the increases of the COLA and merit raises. Another merit system complements salary increases by yearly percentage of bonus increases. Arguments in favor of merit increments suggest that merit is both a reward and incentive for excellence. Arguments against merit increases make the case that measuring instruments do not evaluate quality, merit evaluators are too subjective, and fair merit systems are difficult to develop. Additional considerations that are important to the success of such a system are: the amount of the faculty's base salary in comparison to similar colleges, the relationship of the faculty to the college's administration, and the profitability of spending the necessary time and energy to conduct an evaluation. A 23-item reference list is appended. (SW)

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THE MERIT OF MERIT:

Notes on the Arguments For and Against Merit Systems

"Merit!" The word has become a popular catch all to thrill the hearts of some and to strike terror in the hearts of others. Probably no educational cliche has a more varied group of admirers and detractors. Ronald Reagan is for. Milton Friedman is against. In Hawaii, where I live, both Dr. Fujio Matsuda, until recently the President of the University of Hawaii, and Dr. Byron Bender, President of the University of Hawaii Professional Assembly, the faculty union, have fallen all over each other to recommending merit. And yet, in California, Kenneth Seib (1984), a professor and former chairman of English at California State University at Fresno in The Chronicle of Higher Education has termed merit a reform more cosmetic than cosmic and "an idea whose time has come and gone." For some "merit" will answer many

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of the ills brought on by tight money and low enrollments. For others "merit" is a trap used by administrators in order to abolish faculty step increases. As one faculty member put it:

> At first, the merit concept sounds good -- persons who work hard are rewarded; those who don't are not. Recognition of hard work -- is important -- something we don't often do -- and money is the most useful recognition I can think of.*

But the application of the concept becomes "the second place" and that is where the objections to merit systems begin. As this same faculty member went on to point out, the major problems with the merit concept are the answers to the questions: Who is to judge the meritorious? What will be the criteria for judgment? Can any set of criteria be applied universally? These are just a few of the doubts that many have expressed concerning the merit idea.

When one begins to review the literature concerning merit, it becomes increasingly clear that nothing is clear, that there is no easy answer to the question of whether an institution should or should not adopt a merit system. Objective and honest discussion of the validity of merit at a given institution is dependent upon the type of merit system being instituted, the arguments for an against merit systems in general, and certain

variables determined by the type, personality, and financial health of the institution which will adopt a merit system.

TYPES OF MERIT INCREMENTS

A merit increment, for the purpose of this discussion, may be defined as a financial reward to a faculty member for distinguished or distinguishing service considered above the norm for all faculty members at a given institution. Merit increments are special raises which should be differentiated from cost-of-living, step increases, and salary raises brought about because of promotion in rank. Essentially there are three types of merit systems.

1. A TOTAL MERIT SYSTEM. Probably the least common system used at the modern institution of higher learning is that by which the entire compensation is determined on the basis of merit. This was the system used until the Renaissance at almost all universities. The teacher was paid directly by students and the sum received was dependent upon the instructor's personal popularity with them and the popularity of the subject in the marketplace. While some administrators find a return to this idea attractive, one should remember that the system worked well for so long mostly because there were no administrators to

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dispense units of academic credit or to determine how many credit hours a student needed for an academic degree. Today athletic coaches and development directors are perhaps the only members of the university community who come readily to mind as receiving this type of compensation, and generally they receive more than the average faculty member because of the high risk involved in their job. If they do not perform successfully, they will be fired.

2. A COMBINED MERIT AND COLA SYSTEM. More common at the university level is the merit increase which is combined with cost-of-living increments (COLA). In this system all faculty members receive an increase in salary and those deemed meritorious receive an additional increase on top of the COLA benefit. The greatest difficulty with this system lays in the percentages of the increases of the COLA and merit raises. If the merit increase is much larger than the COLA increase, then the faculty members who do not receive a merit increment could come to resent both other faculty members and the institution itself. While this resentment probably does not matter much in an institution with several hundred faculty members, no small institution can survive for long with a divided faculty. On the other hand, if the merit increase is not large enough, there is no incentive for faculty members to strive for the increase. Obviously this type of system works best when a successful balance between the two types of raises is achieved.

3. STEP INCREASES AND MERIT BONUSES. Another merit system is in effect when salary increases are complemented by yearly percentage or bonus increases. Under this system the faculty member receives not a step increase, but a one time award for meritorious service during a previous year or number of years. This might be described as "the Christmas bonus" system of merit increment. A variation of this idea is the Opportunity/Incentive Grant by which deserving faculty are awarded professional improvement grants for meritorious duties (Morgan Community College n.d.). While obviously less divisive than the first two mentioned, the difficulty with this plan lies in the system of evaluation -- a problem which comes up in any system of merit evaluation. In order to work effectively the criteria for merit must be very strictly defined (Bowers et al. 1982).

THE ARGUMENTS IN FAVOR OF MERIT INCREMENTS

Whatever, if any, type of merit system a college adopts depends somewhat upon those arguments for and against merit systems, in general, and upon those arguments which deal with the specific description and needs of the institution in particular. Generally, one can see that the arguments in favor of merit increases are directed, for the most part, at the

overall goals of a given institution rather than towards specific situations.

1. MERIT AS A REWARD FOR EXCELLENCE. The most positive argument in support of the merit system develops the idea that such increases reward excellence. One thinks, for example, that it is not only the institution's right but its responsibility to specially reward their Nobel Prize winners. And even though there are not many such laureates at most institutions, the point is important: there are faculty members whose performance clearly exceeds the general expectation and these members should be recognized and rewarded. ccording to this argument it follows that, for most people, money is a more appreciated reward than a hearty handshake or a gold plated watch.

Stated negatively this argument says that money should not reward incompetency and mediocrity. Automatic step increases seem to do this very thing. As Breslin and Klagholz (1980) have said:

> Any approach which rewards everyone is not a reward system at all and implicitly encourages mediocrity. Certainly there is no incentive for excellence.

2. MERIT AS AN INCENTIVE. Incentive to excellence is, then, a second argument in favor of merit increases. Wilson

(1980), for example, defins merit pay as "incentive pay that encourages the optimum performance of all individuals within an institution." When junior faculty, in particular, compare their salaries with those they imagine their senior colleagues', they see the attractiveness of this argument, for implicit within the argument is the concept that longevity at an institution should not determine the salary one receives. Merit increases are seen as one method for rewarding those who work and for not rewarding "dead wood" which does not.

There is some validity in this argument. According to Wallin (1965) in a study of two two-year colleges, faculty in the "merit college" setting spent more time on offices hours, counseling students, community activity and less time on moonlighting and other pursuits. One wonders if a low salary base in a high cost-of-living area would affect Wallin's conclusions, or if this college-centered behavior was a result of the merit system as much as faculty altruism. The study clearly suggests, however, that as well as an incentive to spend more official time at the institution, merit increases also provide a disincentive for finding work outside of the institution.

3. MERIT AS A METHOD OF INCREASING SALARIES. It is also true that faculties at merit-system colleges tend, on an average, to earn more than those at non-merit-system colleges (Breslin 1980). It is not clear, however, whether this salary increase is

general at the college, or artificially produced. For example, a school which has always paid high salaries and which adopts a merit system will not necessarily increase salaries by adopting the system. One must give this caveat serious attention when merit increases are suggested as a method for raising compensation. According to many educational administrators, across the board salary increases do, however, seem to keep the upper levels of salary lower (Matsuda 1983), and merit increases might allow a university to raise the competitive level of the salaries of some faculty members.

THE ARGUMENTS AGAINST MERIT INCREASES

It becomes clear, as one studies the literature, that the arguments for merit increments are, for the most part, conceptual, dealing with the idea of merit in order to deal with the problems of tight money, low enrollment, and "dead wood". The arguments against merit, on the other hand, more often than not, forget the theory and dwell on the practice. They point out grave faults in every merit system.

1. MEASURING INSTRUMENTS DO NOT EVALUATE QUALITY. The most successful merit systems are those which measure the candidates for merit quantitatively (Breslin 1980, Wilson 1981). As a result, the most common determinant for excellence is research, service to the community and to the university follows, and teaching, unfortunately, consistently comes in a dismal third (Siegfried et al. 1973). Because evaluation systems measure quantity, not quality, "good teaching" or the growth and development of students exposed to "good teaching" is not easily measured. Therefore colleges which pride themselves on "teaching" can find themselves in what Dennis (1982) calls a rather dishonest situation:

> . . .because if the measure of merit cannot be made validly, which it cannot, it should not be made at all.

Quantity creates almost as many problems in the other two common areas of merit criteria, service and publication, as it does in teaching. As one faculty member put it:

> Even a system counting up points -- so many for a committee membership, so many for a publication or a course taken -- would not necessarily add up to a true evaluation of merit since a person may be a member of six committees without doing anything on any of them or may be on only one but make a significant

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contribution.

Likewise, Dennis has also pointed out that even in quantity systems the publication numbers game could work against true merit. For example, suppose a faculty member were to publish a lab report each year for six years. If the merit system recognized one publication as a sign of merit, this faculty member could receive six merit increases. Suppose that at the same institution, another faculty member were to spend the same six years writing a book. That writer would still be only entitled to one merit increase even if the book were 60 times longer than the six articles and a prize winner to boot. These are, of course, exaggerations, but they do suggest the weaknesses of most successful measuring instruments.

2. MERIT EVALUATORS ARE TOO SUBJECTIVE. A rather ironical study by Hooker (1978) developed a correlation between teaching, service, and research plus a fourth area which we will call "X" and successful merit increments. As is in most similar studies (Delorme 1979, Siegfried 1973) the researcher found that the lowest correlation existed between what is defined as good teaching and merit. Slightly higher was service. Research and, in particular, publications demonstrated the highest correlation among the three common categories. "X", however, scored the highest of all and "X" not very startlingly turns out to be

proximity to the Chairman's office. The closer one is physically to the department chairman, this study suggests, the better one's chances for a merit increment. The report concludes that instead of professional improvement, most faculty members would do better to take a course in behavior modification.

However satiric the study, the author's point supports studies by others (Keane 1978, Delorme 1979) that even quantitative merit systems are subjective. Delorme (1979), for example, in his study of the University of Georgia found that the geographical location of the university from which the faculty member obtained the Ph.D. was an important variable in all salary decisions. Fincher (1980) has shown that a faculty member's reputation, not work, is another significant variable in professional advancement. As a result, subjective evaluation can lead to what one faculty member called "odd kinds of competition, accusations of favoritism, or genuine injustice". Even more important one should remember that there is evidence that merit systems also tend to discriminate against women and minorities (Gray and Scott 1980, and Wilkerson, 1982).

Furthermore because of the often subjective bias of the evaluators, merit decisions are, more often than not, political decisions (Saupe 1978). They are political because of the number of parties involved in the evaluation process. The goals of these parties, the faculty members, other college employees,

executive and administrative officers, and benefactors, including students, are often not only different but at odds with each other. And because the decisions are often political rather than objective, packaging, that is, how the candidate makes a presentation, is often more important in determining the merit award than any of the objective criteria applied (Dennis 1982).

3. FAIR MERIT SYSTEMS ARE DIFFICULT TO DEVELOP. Given, then, the weaknesses of the measuring instruments available and the subjectivity of the evaluators, it would seem obvious that truly fair evaluation systems are next to impossible to develop. As was mentioned previously, those systems that seem to work best are quantitative and rely on a significant number of incidents, rather than qualitative, or on the nature of the incident. Both Bowers(1982) and Wilson(1981) who discuss systems which they claim do work, also point out that the systems are extremely complicated and depend upon a great deal of preparation in order to reach agreements from all parties involve in the merit process.

Excellent teaching, which most seem to agree is the most difficult quality to evaluate, must involve not only student and peer evaluations, but also consideration for the class size, classroom method, and teaching experience. Prater (1983), for example, points out:

> When used as a measure of student satisfaction and supplemented with other sources, student ratings may be justified to judge some, but not all, aspects of teaching. Evaluating teacher effectiveness in terms of student achievement [for example] depends on whether the responsibility for learning rests with the teacher or the pupil.

Prater also points out that teachers usually give themselves higher ratings than their students do. All of which means that simply asking peers and students to evaluate is not enough. Reference must be taken of the level of the course (first year students are more difficult evaluators than third or fourth year students), the nature of the course (core requirements will generally receive lower evaluations than major courses) and class size (the larger the class the more difficult it is to establish rapport with each individual student). Obviously the best systems use a variety of sources (Prater 1983) and are dependent upon very strict criteria for effectiveness.

SOME IMPORTANT VARIABLES

To these standard arguments, for and against merit, which are present at every institution which has adopted or has considered adopting merit increments, can be added three other

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points, each of which will probably determine the success of such a system at a given institution. These include the amount of the faculty's base salary in comparison to similar colleges, the relationship of the faculty to the institution's administration, and, lastly, the profitability of spending the necessary the time and energy spent on an evaluation.

1. It would seem obvious that merit works best at those schools at which the base salary is at least average. While sometimes touted as a quick fix for lagging salaries, merit increases have never been designed for nor can they ever raise the overall salary base. As Breslin and Klagholz (1980), two administrators strongly in favor of merit increments, have said:

> Merit compensation is not intended to replace cost-of-living salary increases which are necessary to help keep pace with inflation. Indeed, one prerequisite of a successful merit plan is a sound salary structure already in place.

Without a sound salary structure, merit is self-defeating. When merit becomes a sign of administrative favor among an underpaid work force, it can only cause envy and distress.

2. Also many merit systems are based on the rather out-of-date management assumption that the employees are

essentially lazy, that only a few are truly meritorious. It is quite possible and even probable that many faculty do quite a bit more than the minimum in order to make life at an institution better for all. As one faculty member at Chaminade University of Honolulu put it:

> . . .we should begin with the opposite assumption, that most, if not all, faculty members are meeting their obligatory duties, but that there are a few who are negligent and unworthy.

If a merit system is designed to effect the "negligent and unworthy", it ceases to be a merit system and becomes a system of punishment. If the system is perceived by faculty as punishment, the chances of it accomplishing its goals of improving excellence are slight, for the meaning of excellence is debased.

Furthermore, merit systems assume that money is the "bottom line" of employee satisfaction -- that more money will mean a more productive faculty. Maslow and certainly many underpaid yet hardworking faculty have shown that this is not necessarily true and that salary, while certainly a motivator, is only one such motivator. Furthermore there is very little evidence, particularly at the University, to indicate that excellence can be correlated with financial reward. Few University's can pay the faculty members what their job skills are worth on the open

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market. People teach because they like it -- like the hours, like the freedom, like the prestige -- but money is not always a major factor. Moreover job satisfaction studies show that satisfaction grows when the employees feel that they are creatively contributing to the goals of the institution. Likewise the institution can demonstrate a reciprocal appreciation of the employees contribution by listening and acting on employee needs. Too often merit systems are conceived by some, using the argument that a competitive or popular discipline is meritorious in itself, as a method for paying "competitive salaries". Again, when this happens the system ceases to reward excellence or incentive and tends to divide faculty, thus ceasing to contribute to probably detracting from the success of the institution.

The mutual regard, then, of faculty and administration would seem to be an important factor in the ultimate success of a merit system.

3. Finally the institution itself has to decide whether a fair policy of merit increments -- one based on evaluation and review -- will, in fact, improve faculty performance and excellence. If successful merit systems are, in part, determined by mutual goodwill between faculty and administration, they are also based on a willingness of faculty and administration to carry out the necessary work. And judgments based on student,

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peer, self, and supervisory evaluation require a great deal of for preparation, data gathering, analysis and presentation. Most businesses could not afford to make such extensive evaluations and many universities should not waste faculty and administrative time carrying them out. For example, if the institution is predominantly tenured, as are many, merit pay will not necessarily change the quality or the quantity of the instruction, research, or service. If the majority of the faculty is untenured, then there are other methods of replacing unproductive faculty members or of rewarding the productive. Lastly, and more positively, if the institution is successful, with a contented student body, a productive faculty, and a well-run administration, there is no need for a merit system at all.

It is, then, important to remember that merit systems are not all that they are cracked up to be. While designed to reward excellence, there is very little agreement among educators about exactly what excellence is. Even a Nobel Prize does not necessarily indicate a great teacher. Without a clear definition of excellence, all arguments concerning this aspect of merit are moot. Furthermore there is no evidence that merit significantly raises the overall salary level of a given institution, and there is a great deal of suspicion among faculty members that merit increments will, in fact, be used more often politically than

academically. And lastly while merit might seem a form of incentive, one can seriously wonder if productivity is, in fact, increased by financial rewards.

However, to reject merit systems out-of-hand is to deny the university the ability to reward faculty who have significantly contributed to the quality of profession life at the university. Whether rewards would increase faculty contributions is not known, but certainly those contributions presently made by the faculty should be rewarded. Merit systems which grant faculty annual increases above the normal cost-of-living raise can accomplish this goal.

Moreover, many faculty objections to merit increases are based on a belief that any merit system will be perverted into a political system of rewards for those who tow the party line. No matter what basis this fear has in fact, it might be possible to create a carefully instituted policy which takes into account the many drawbacks of merit systems. To attempt such a system would take many hours of hard work and careful consideration of options, but if it were to work it might substantially benefit and contribute to the entire university community.

An institution can deal with those problems inherent in the merit concept so that merit can, in fact, reward a mutually agreed upon definition of excellence, and so that merit can act

as an incentive to improved performance. Likewise with careful planning both faculty and administrative cooperation can produce a merit system which would be both fair and meaningful. What are, then, more important than the concept or the practice of merit, are the variables which are particular to a given institution. When salaries are high enough, when there is mutual respect and confidence between faculty and administrators, and when there is a readiness and willingness to work toward the goals of merit, then the merit system does, in fact, become a equitable method of rewarding faculty.

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